

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL MEMORANDUM

SB 1089 – HB 1518

March 31, 2009

SUMMARY OF AMENDMENTS (005081, 005793): Amendment 005081 deletes four year exemption from ad valorem property taxes for plants and facilities constructed under the Electric Generation and Transmission Cooperative Act and makes other technical changes. Amendment 005793 adds a requirement for the Tennessee Advisory Commission on Intergovernmental Relations (TACIR) to study whether the current wholesale power supply arrangements between the Tennessee Valley Authority (TVA), municipal utilities, and electric cooperatives are likely to change in the future in a way that could affect payments in lieu of taxes from the TVA to the state and local governments.

FISCAL IMPACT OF ORIGINAL BILL:

Increase Local Revenue – Exceeds \$1,000,000/Permissive
Increase Local Expenditures – Exceeds \$1,000,000/Permissive

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENTS:

Unchanged from the original fiscal note.

Assumptions applied to amendments:

- The estimated fiscal impact of the bill will not change as a result of the proposed amendments.
- According to the Comptroller's Division of Property Assessments, the deleted exemption would have violated Article 2, Section 28 of the Tennessee Constitution. The Comptroller did not intend to exempt new plants and facilities from ad valorem taxes.
- According to the TACIR, this study can be accomplished with existing resources without an increased appropriation or reduced reversion.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive style with a large, stylized "J" and "W".

James W. White, Executive Director

/kmc